

Message Text

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R 220223Z JAN 76

FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN

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E.O. 11652: N/A

TAGS:BEXP, USIRJC

SUBJECT: MAJOR PROJECTS: CONSTRUCTION BANK TENDER

REF: 75 TEHRAN 12548; TEHRAN 531

1. CAGNE OFFICER HAD LONG DISCUSSION WITH AL WILSON, DIRECTOR OF MANUFACTURING, FUGUA HOMES, INC., CONCERNING DECISION NOT TO BID PROJECT. ACCORDING TO WILSON, MANUFACTURER GETS FINAL PAYMENT ONLY AFTERTWELVE MONTHS OF OCCUPANCY. HE MUST ALSO MAINTAIN 500 UNITS IN STORAGE AT ONE TIME. IF BANK DRAWS ON UNITS, IT CAN REQUEST DELIVERY OF REPLACEMENTS WITHIN 30 DAYS AND CAN ATTACH BOND AT ANY POINT FOR NONPERFORMANCE. IN OTHER WORDS, ENTIRE RESPONSIBILITY FOR PROJECT RESTS WITH MANUFACTURER. COMPANY CANNOT BID UNDER CIRCUMSTANCES.

2. OTHER COMPANIES WHICH WILL NOT BID ARE: SWIFT INDUSTRIES SHELTER RESOURCES/WINSTON INDUSTRIES, BEATRICE FOODS, AND PROBABLY BENDIX. LAST TWO MAY NOT HAVE INFORMED BANK AND WISH TO DO SO THEMSELVES. THEREFORE REQUEST EMBASSY NOT BROACH SUBJECT OF TWO COMPANIES WITH CONSTRUCTION BANK. HALLCRAFT HOMES STILL LOOKING AT PROJECT BUT WILL NOT GIVE

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FURTHER INFO.

3. FOLLOWING COMPANIES DEFINITELY BIDDING:BOISE CASCADE, HOMETECH MODULAR SYSTEMS, AND NEW ENGLAND COMPONENTS. NATIONAL HOMES HAS PEOPLE IN TEHRAN NOW; COMPANY STILL GIVING IT CONSIDERATION. INTER-HEXCORP STILL PLANS TO BID, BUT QUOTE EXCESSIVE UNQUOTE PERFORMANCE BOND AND OTHER DIFFICULT TERMS CREATING PROBLEMS.

4. FYI: ALMOST ALL COMPANIES COMPLAINED OF HIGH PERFORMANCE BOND, DIFFICULT TERMS, AND/OR LACK OF QUOTE DEVELOPER UNQUOTE OR SOMEONE WHO WOULD TAKE EQUITY IN PROJECT AND AT LEAST SOME OF FINANCIAL RESPONSIBILITY AWAY FROM MANUFACTURER. ONE COMPANY DID SAY THAT IRANIANS HAD BEEN EXTREMELY FAIR IN REPORTING VIA NUMEROUS CIRCULARS BANK'S RESPONSES TO ALL QUESTIONS RAISED BY ANY OF COMPANIES PARTICIPATING IN PROJECT. ASSUME, THEREFORE, THAT PROBLEMS FORESEEN NOT UNIQUE TO U.S. MANUFACTURERS' VIEWPOINTS. REQUEST EMBASSY CONFIRM. SISCO

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